

12TH ANNUAL NATIONAL SURVEY OF RECENT HOME BUYERS (in major metropolitan markets)

Characteristics	1987	1986	1985	1976 (Base Year)
Median price of home purchased	\$ 99,260	\$ 93,680	\$ 90,400	\$ 43,340
Median price for first-time buyers	84,730	74,700	75,100	37,670
Median price for repeat buyers	115,430	114,860	106,200	50,090
Average price of home purchased	\$133,410	\$114,780	\$108,300	NA
First-time buyers	106,450	82,510	85,000	NA
Repeat buyers	149,390	132,430	121,600	NA
Average monthly payment	\$ 939	\$ 852	\$ 896	\$ 329
First-time buyers	841	722	794	313
Repeat buyers	998	929	963	342
When household income is less than \$30,000	704	628	633	NA
When household income is \$30,000-\$40,000	713	647	774	NA
When household income is \$41,000-\$50,000	840	820	841	NA
When household income is \$51,000-\$60,000	891	902	1,009	NA
When household income is \$61,000 or more	1,362	1,148	1,200	NA
Average monthly payment as percent of income	29.3%	28.6%	30.0%	24.0%
First-time buyers	31.8%	30.3%	32.7%	23.0%
Repeat buyers	27.6%	27.5%	28.0%	24.9%
Buying for the first time	36.8%	35.5%	36.6%	44.8%
Previously owned a home	63.2%	64.5%	63.4%	55.2%
Average age of first-time buyers	29.6	30.9	28.4	28.1
Average age of repeat buyers	39.1	39.5	38.4	35.9
Average number of houses looked at	11.6	15.1	14.9	12.3
Average number of months buyers looked before deciding	4.5	4.6	4.3	4.0
First-time buyers	4.6	5.0	4.7	4.3
Repeat buyers	4.4	4.4	4.0	3.8
Bought new houses	23.8%	25.7%	23.8%	15.1%
Bought used houses	76.2%	74.3%	76.2%	84.9%
Bought single-family homes	87.3%	85.1%	87.0%	88.8%
Bought condominiums	12.5%	14.2%	10.6%	11.2%
Bought co-ops	0.2%	0.7%	2.4%	NA
Married	81.7%	78.8%	76.3%	NA
Widowed	1.7%	1.4%	3.0%	NA
Divorced/Separated	6.9%	7.7%	10.0%	NA
Single	9.7%	12.2%	10.7%	NA
Two-income families	78.3%	74.4%	77.4%	NA
First-time buyers	86.4%	83.8%	85.8%	NA
Repeat buyers	73.6%	70.1%	72.2%	NA

**By John Pfister
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Home prices and average monthly mortgage payments in the nation's leading metropolitan housing markets were up sharply in 1987, with the most dynamic changes affecting those buying homes for the first time, Chicago Title's 12th annual survey of recent home buyers reveals.

Last year, the median home price rose from \$93,680 to \$99,260, a gain of 6 percent. The median price means half the homes sold for more and half for less, and historically has reflected a figure around which most people buy homes.

However, in 1987, the average home price (total dollar volume divided by total sales) rose 16 percent in a year in which the distribution was significantly skewed by a disproportionate number of very expensive home sales at the high end of the buying spectrum. And among first-time buyers, the average price soared from \$82,510 in 1986 to \$106,459 last year, a 29 percent increase.

With home prices rising, average monthly mortgage payments also moved higher. So did the average mortgage payment as a percentage of family income.

For all buyers, average monthly mortgage payments rose from \$852 to \$939. The jump was steepest for first-time buyers as payments rose 16 percent from \$722 to \$841. Average mortgage payments for repeat buyers were up 7 percent, from \$929 to \$998.

Reversing a three-year trend, the average monthly mortgage payment as a percentage of family income rose from 28.6 percent in 1986 to 29.3 percent last year. While the percentage for repeat buyers was virtually unchanged, for first-time buyers it rose from 30.3 percent to 31.8 percent.

Those buying for the first time accounted for 36.8 percent of total

home sales last year. This development also reversed a four-year trend in which the percentage of first-time buyers had been shrinking each year.

As part of this shift, first-time buyers in 1987 earned more money, saved longer for a down payment and bought more expensive houses than their counterparts did in 1986. Median income for the group rose from \$38,920 in 1986 to \$43,800 last year. The average time needed to save a down payment was 2.4 years compared with 1.8 years in 1986.

The type of housing purchased was a significant factor contributing to higher home costs for first-time buyers last year. In 1986, 17 percent of first-time buyers purchased condominiums. That percentage dropped off to 12 percent last year as a greater percentage of buyers in this group opted for more expensive single-family housing.

To qualify for higher mortgage payments, an increasing percentage of buyers in 1987 were married couples with two family incomes. Among couples buying for the first time, 86.4 percent were two-income families compared with 83.8 percent in 1986. Among repeat buyers, the percentage of two-income families rose from 70.1 percent to 73.6 percent last year. ■

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Characteristics	1987	1986	1985	1976 (Base Year)
Down payment as % of sales price				
Average down payment	27.2%	23.4%	24.8%	25.2%
First-time buyers	20.4%	13.4%	11.4%	18.0%
Repeat buyers	31.3%	28.9%	32.7%	30.8%
Down payment of 5%				9.3%
10% or less	41.5%	46.0%	43.7%	26.9%
20% or less	64.4%	68.7%	68.2%	60.2%
More than 50%	15.7%	12.6%	16.3%	13.8%
Type of mortgage financing				
Conventional fixed rate	67.6%	73.3%	64.2%	NA
Adjustable or variable rate	19.8%	13.6%	23.2%	NA
Seller financed or contract loan	1.2%	2.3%	3.0%	NA
Other	11.4%	10.9%	9.6%	NA
Length of mortgage (years)				
First-time buyers	28.4 yrs.	28.7 yrs.	28.3 yrs.	NA
Repeat buyers	28.4 yrs.	27.0 yrs.	25.2 yrs.	NA
Average down payment breakdown (% of dollars)				
Of first-time buyers				
Own savings and investments	81.9%	77.9%	79.9%	80.1%
Lending institutions	6.1%	6.0%	2.2%	4.5%
Relatives	9.2%	14.3%	11.5%	10.8%
Others	2.8%	1.8%	6.6%	4.0%
Of repeat buyers				
Previous home sale	57.1%	50.3%	55.0%	NA
Savings and investments	33.3%	40.1%	36.8%	NA
Lending institutions	5.2%	4.4%	2.5%	NA
Relatives	1.7%	2.1%	1.1%	NA
Others	2.7%	3.1%	4.6%	NA
Average time to save down payment				
First-time buyers	2.4 yrs.	1.8 yrs.	1.8 yrs.	2.4 yrs.
Average family size				
First-time buyers	3.0	3.0	2.7	NA
Repeat buyers	2.9	2.7	2.6	NA
Repeat buyers	3.0	3.1	2.8	NA
Median household income				
First-time buyers	\$51,500	\$46,620	\$42,400	\$20,840
Repeat buyers	43,800	38,920	37,520	20,480
Repeat buyers	56,300	53,120	47,380	21,080

NA—Not Available

Source: Chicago Title Insurance Co.

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